

Message Text

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15

ORIGIN EB-11

INFO OCT-01 ARA-16 NEA-10 ISO-00 EUR-25 INT-08 COME-00

TRSE-00 OMB-01 SCEM-02 SCI-06 CIEP-02 AID-20 CEA-02

CIAE-00 EA-11 FRB-02 INR-10 IO-14 NSAE-00 RSC-01

OPIC-12 SPC-03 LAB-06 SIL-01 JUSE-00 DODE-00 PM-07

H-03 L-03 NSC-10 PA-04 PRS-01 SS-20 USIA-15 ACDA-19

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DRAFTED BY EB/ORF/FSE:GMBENNSKY:CJR

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EUR/RPE - MR. TARRANT

NEA - MR. MONTGOMERY

INTERIOR - MR. EBEL (SUBS)

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FM SECSTATE WASHDC

TO ALL OECD CAPITALS

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY KUWAIT

AMEMBASSY NEW DELHI

AMEMBASSY BRASILIA

C O N F I D E N T I A L STATE 217182

E.O. 11652: GDS--DECLAS. DE

TAGS: ENRG

SUBJECT: U.S. OIL COMPANIES ASSESSMENT ARAB OIL PRODUCTION
CUTBACKS AND EMBARGOES

1. FOREIGN PETROLEUM SUPPLY COMMITTEE (FPSC) WAS
CONVENED BY DEPARTMENT INTERIOR IN WASHINGTON ON
OCTOBER 30. PURPOSE THIS MEETING WAS OBTAIN INDUSTRY
ASSESSMENT OF OIL SUPPLY SITUATION BROUGHT ABOUT BY
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ARAB CUTBACKS AND EMBARGOES AND RECOMMENDATIONS FOR

ACTIONS TO BE TAKEN IN DEALING WITH THE RESULTING OIL SHORTAGES.

2. REPRESENTATIVES OF THE 21 COMPANY MEMBERS, INCLUDING ALL THE US MAJOR OIL CORPORATIONS, CONCLUDED THAT THE SUPPLY SHORTFALL WOULD BE SERIOUS, WITH THE IMPACTS BEGINNING BY MID NOVEMBER. ESTIMATES PRESENTED AT THE MEETING INDICATED A NOVEMBER-DECEMBER WORLD-WIDE REDUCTION OF SUPPLY OF UP TO 5 MILLION BARRELS A DAY (9.3 PERCENT OF WORLD OIL CONSUMPTION), OF WHICH THE US SHARE WOULD BE OVER 2 MILLION BARRELS PER DAY (BETWEEN 12 AND 15 PERCENT OF US OIL CONSUMPTION).

3. IN ORDER TO BEGIN WORK PROMPTLY FPSC RECOMMENDED USE OF 1967 PLAN OF ACTION AND REACTIVATION OF EMERGENCY

PETROLEUM SUPPLY COMMITTEE, STARTING IMMEDIATELY WITH ITS SUPPLY AND DEMAND SUBCOMMITTEE FUNCTIONS, I.E., GATHERING OF DATA. THE CHAIRMAN (DIRECTOR OF INTERIOR'S OFFICE OF OIL AND GAS) ASKED THE INDUSTRY REPRESENTATIVES TO PROVIDE AS SOON AS POSSIBLE ADDITIONAL RECOMMENDATIONS AND SUGGESTIONS RE IMPROVING AND/OR UPDATING THE 1967 PLAN. SUGGESTIONS AS TO OTHER RECOMMENDED USG ACTIONS WERE ALSO REQUESTED. IN ADDITION ALL COMPANY MEMBERS WERE REQUESTED TO FURNISH INTERIOR BY NOVEMBER 5 INFORMATION ON WORLD OIL FLOW FOR REMAINDER 1973 AND FIRST QUARTER 1974.

4. INTERIOR HAS DECIDED REACTIVATE EMERGENCY PETROLEUM SUPPLY COMMITTEE AND WILL DO SO WHEN IT HAS RECEIVED WRITTEN CONCURRENCE FOR INTERESTED DEPARTMENTS OF USG, INCLUDING STATE AND JUSTICE. KISSINGER

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